

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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## MEMORANDUM

TO: Chicopee Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 4, 2015

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 and January 1 of each fiscal year (average assumed date of October 1). The schedule is effective in FY16 (since the amount under the prior schedule was maintained in FY16) and is acceptable under Chapter 32.

The funding schedule also shows the appropriation if made on July 1. As we noted in our prior approval memoranda (November 19, 2013 and October 22, 2014), for the past several years the City has made a portion of the appropriation in July and the remainder by December 31. So the overall October 1 date appears reasonable. However, the other units have consistently made their appropriations on July 1. Therefore, the allocation by unit page of our FY17 appropriation letter will be prepared to reflect a July 1 payment date for each unit. We will adjust the City's amount in the cover letter to reflect the payments expected to be made as of July 1 and December 31.

The System used an 8.0% investment return assumption in this valuation. We recommend that the Board consider reducing this assumption at the time of the next actuarial valuation. As of January 1, 2013, PERAC reduced its "standard" investment return assumption for local system valuations to 7.75%. In our January 1, 2015 valuations, we have generally recommended a further reduction. For comparison, there are now 78 systems using an assumption less than 8.0%. Of these, 25 have adopted an assumption less than 7.75%.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



# CHICOPEE CONTRIBUTORY RETIREMENT SYSTEM

## FUNDING SCHEDULE

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**	Adjusted Payments	% Change
2017	2,745,359	87,214,965	14,155,849	291,491	17,192,699	17,523,451	2.50%
2018	2,868,900	77,078,877	14,462,127	291,491	17,622,518	17,961,538	2.50%
2019	2,998,001	65,297,062	14,773,589	291,491	18,063,081	18,410,576	2.50%
2020	3,132,911	53,176,990	15,090,256	291,491	18,514,658	18,870,841	2.50%
2021	3,273,892	41,690,254	15,412,142	291,491	18,977,524	19,342,612	2.50%
2022	3,421,217	28,380,361	15,739,255	291,491	19,451,962	19,826,177	2.50%
2023	3,575,172	13,652,395	13,652,395	291,491	17,519,058	17,856,087	-9.94%
2024	3,736,054	-	-	291,491	4,027,545	4,105,027	-77.01%

### Amortization of Unfunded Liability as of July 1, 2017

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2005	2002 ERI	52,888	0.00%	15	52,888	3
2006	2003 ERI	185,556	0.00%	15	185,556	4
2012	2010 ERI	140,466	0.00%	10	140,466	5
2017	Fresh Start	N/A	N/A	7	N/A	7

#### Notes on Amortization of Unfunded Liability

**Year** is the year the amortization base was established. **Type** is the reason for the creation of the base. **Original Amortization Amount** is the annual amortization amount when the base was established. **Percentage Increasing** is the percentage that the Original Amortization Amount increases per year. **Original # of Years** is the number of years over which the base is being amortized. **Current Amortization Amount** is the amortization payment amount for this year. **Years Remaining** is the number of years left to amortize the base.

\* Includes recognition of the following asset gains/(losses) in Fiscal 2018 through 2021:

2018	\$ 1,824,968
2019	\$ 2,329,027
2020	\$ 1,388,361
2021	\$ (556,582)

\*\* Contributions are set to be the amount resulting from a 2.5% increase on the prior year's contribution.

The contribution in FY2023 decreases by -9.94%.